

ORIGINAL

Decision No. 29138

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
VALLEJO BUS COMPANY)
for authority to sell and issue stock) Application No. 20744
for cash to provide funds for the)
purchase of additional equipment.)

Peter tum Suden and Richard tum Suden,
by Peter tum Suden, for applicant.
Roland L. Pope, for Agnes Irene Geer.

BY THE COMMISSION:

O P I N I O N

Vallejo Bus Company in this application asks permission to issue \$6,000. par value of its common capital stock and execute a contract for the purchase of four automobile buses.

By Decision No. 29057 dated August 17, 1936 in Application No. 20683 the Commission authorized Agnes Irene Geer and Victor Raahauge, doing business under the fictitious name of Vallejo Bus Company, to transfer their right, title and interest and estate in and to the properties operated under the fictitious name of Vallejo Bus Company to Vallejo Bus Company, a corporation. The Commission also authorized the corporation to issue in payment for the properties not exceeding \$1,000. par value of its common stock and to assume the payment of indebtedness.

The Vallejo Bus Company furnishes passenger transportation service between the City of Vallejo, Bay Terrace, Emerald Terrace, Vallejo Annex, South Vallejo, Mare Island and intermediate points.

Applicant now operates six buses and four Plymouth Sedans. It proposes to acquire four new Studebaker transit type buses at a cost of \$15,479.64 including \$1,278.00 for interest. Upon the acquisition of the new buses it would dispose of two buses and use two now in operation only during peak demands. It will continue to use two of its present buses in regular service.

The new buses will have a seating capacity of 22 passengers and be equipped with steel bodies. The purchase contract calls for a down payment of \$5,680.74 and the remainder at the rate of \$326.63 a month. To obtain the cash the company asks permission to issue \$6,000. par value of its common capital stock and sell it at par. It is of record that the stock will not be offered or sold to the public but will be purchased by Agnes Irene Geer and Victor Raahauge in such proportions as they subscribe.

Agnes Irene Geer, who owns a 49% interest (51% interest being owned by Victor Raahauge) in the Vallejo Bus Company, opposes the granting of this application. She is now and has been for many years past the office manager for the bus operations. She feels that because of existing competition the company should not at this time acquire four new buses at a cost of \$15,479.64. She calls attention to the fact that in addition to meeting the payments due on such purchase, namely \$326.63, the company has assumed obligations of some \$9,000. which imposes a monthly obligation on the company of approximately \$300.

In view of the liability which the corporation has assumed, we believe that there is merit in her contention. We feel that the company should at this time acquire two buses of the Studebaker transit type. The purchase of the buses should, we think, be financed in part through the issue of stock. The order herein will permit applicant at this time to issue and sell \$3,000. of common stock with the understanding that such stock be offered to applicant's stockholders. If any stockholder does not acquire

his or her proportionate share of the stock, such stock may be acquired by the other stockholder or by any one else. The proceeds should be used to pay about 40% of the purchase price of the buses.

ORDER

The Commission having considered the evidence submitted at the hearing had before Examiner Fankhauser on September 16th, and being of the opinion that Vallejo Bus Company should at this time be permitted to issue not exceeding \$3,000. of its capital stock and execute a contract for the purpose of acquiring two new automobile buses, that the money, property or labor to be procured or paid for by such issue of stock and by the execution of such contract, is reasonably required by applicant for the purpose herein stated and that the expenditures for such purpose are not in whole or in part reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED that Vallejo Bus Company, for the purpose of acquiring two new buses of the Studebaker transit type be, and it hereby is, authorized to issue and sell on or before December 31, 1936, at not less than par, \$3,000. par value of its common capital stock and execute a conditional contract of sale, similar, except for the face amount of the contract and monthly payments, to the contract filed in this proceeding, provided said \$3,000. par value of stock be offered for sale to applicant's stockholders with the understanding that if any stockholder does not subscribe for and pay for his or her pro rata share of stock within twenty(20) days after the date of said offer, said stock not acquired by such stockholder may be acquired by the other stockholder or by any one else.

IT IS HEREBY FURTHER ORDERED that Vallejo Bus Company shall file with the Commission a report or reports such as are required by

the Commission's General Order No. 24, which order insofar as applicable, is made a part of this order.

IT IS HEREBY FURTHER ORDERED that within thirty(30) days after the execution of said conditional contract of sale Vallejo Bus Company shall file with the Commission a true copy of said conditional contract of sale.

DATED at San Francisco, California, this 20th day of September, 1936.

MB Harris
Leon Arkidell
W. J. Linn
Walter H. H. H.

Commissioners.

